
**State Government Operations &
Accountability Committee**

SSB 5811

Brief Description: Encouraging the ethical transfer of technology for the economic benefit of the state.

Sponsors: Senate Committee on Labor, Commerce, Research & Development (originally sponsored by Senators Kohl-Welles, Regala and Rasmussen; by request of Governor Gregoire).

Brief Summary of Substitute Bill

- Allows state universities to develop, adopt, and implement administrative processes that apply to the universities and its research employees in place of certain ethics laws.

Hearing Date: 3/22/05

Staff: Marsha Reilly (786-7135).

Background:

Technology transfer is the process that turns university discoveries and inventions into products that benefit the public and strengthen the state's economy. As an idea moves from a university laboratory to a licensing arrangement with a private company and to commercial development and production, success often depends on the continued involvement of the original faculty inventor.

The Ethics in Public Service law prescribes ethical standards for state officers and state employees relating to financial gain and conflict of interest. In 1996, state ethics laws were amended to allow officers and employees of higher education institutions and the Spokane Intercollegiate Research and Technology Institute (SIRTI) some flexibility regarding a direct or indirect beneficial interest in a contract or grant that the officer or employee has made, is involved in, or supervises, as long as the institution has a written administrative process complying with federal law to identify and manage, reduce, or eliminate the interest. The 1996 changes also allow officers and employees of higher education institutions and SIRTI to serve as (1) an officer, agent, employee, or member, or on the board of directors, board of trustees, advisory board, or committee or review panel of any nonprofit institute, foundation, or fundraising entity; and (2) a member of an advisory board, committee, or review panel for a governmental or other nonprofit entity.

Summary of Bill:

The state ethics law is amended to encourage basic and applied scientific research. Each state university may develop, adopt, and implement one or more written administrative processes that shall apply, upon approval of the Governor, in place of the obligations imposed on state universities and state university research employees under ethics laws. State universities may develop processes relating to financial interests in transactions, employment after public service, compensation for official duties, compensation for outside activities, honoraria, gifts, and use of persons, money, or property for private gain.

University research employees who are in compliance with the administrative procedures adopted and approved are considered to be in compliance with the applicable ethics laws, and the state executive ethics board's authority is extended to enforce these policies.

The administrative processes developed relative to financial interests in transactions, compensation for official duties or nonperformance, honoraria, gifts, and limitations on gifts must be consistent with and adhere to the current federal standards relating to promotion of objectivity in research.

Administrative processes developed pertaining to assisting in transactions, employment after public service, and compensation for outside activities must include a comprehensive system for the disclosure, review, and approval of outside work activities by state university research employees while assuring that such employees are fulfilling their employment obligations to the state university.

The administrative processes developed with respect to use of persons, money, or property for private gain must include a reasonable determination of acceptable private uses having *de minimus* costs to the university and a method for establishing fair and reasonable reimbursement charges for private uses in excess of *de minimus*.

State university, for purposes of this act, includes the University of Washington, Washington State University, the regional universities, and any research or technology institute affiliated with a state university, including SIRTI and the Washington Technology Center. State university research employee is defined as a state officer or state employee employed by a state university to the extent that officer or employee is engaged in research, technology transfer, approved consulting activities related to research and technology transfer, or other incidental activities.

Senate Bill Compared to the House Bill

The House bill requires the universities to coordinate the development of administrative processes to ensure that these processes are comparable.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of session in which bill is passed.